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1990/11/13

CONFIDENTIAL

BEIJING 36514/01

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 CO RUEHPC RUEHFK RUEHGZ RUEHSE SUMJSA RUEHSG
 RUEHMO RUEHUL RUEHFG RUEHNM RUEHSH RUEHLY
 RUEHIN RUEHQHA

1) LT RUEHFG #36514/01 317 **
 TNY 00000 ZTP

2) C 1314347 ACT 40

3) FM AMEMBASSY BEIJING

4) TO RUEHC / SECSTATE WASHDC IMMEDIATE 2004

5) RUEHCG / AMCONSUL HONG KONG 2384

6) RUEHCH / AMCONSUL GUANGZHOU 7619

7) RUEHSH / AMCONSUL SHENYANG 5111

8) RUEHSA / AMCONSUL SHANGHAI 6503

9) TEN/AMCONSUL CHENGDU 5070

10) RUEHJC / AMEMBASSY TAI YUAN 4110

11) RUEHMC / AMEMBASSY YENCHOW 5057

12) RUEHUL / AMEMBASSY SEOUL 2371

13) RUEHNG / AMEMBASSY CAIRO 2362

14) RUEHAP / AMEMBASSY AMMAN 2337

15) RUEHME / AMEMBASSY RIYADH 2443

16) RUEHIV / AMEMBASSY TEL AVIV 0614

17) RUEHIN / AIT TAIPEI 2791

18) RUEHQHA / USCINCPAC HONOLULU HI//PA//

19) ET CONFIDENTIAL SECTION 01 OF * BEIJING 36514

NSC FOR LONG TAAL

20) F.O. 12256: DECL:OADR

TAGS: FGOV, FINR, CR

SUBJECT: CCDEL OXLEY MEETING WITH PREMIER LI PENG

1. CONFIDENTIAL - ENTIRE TEXT.

2. SUMMARY

2. CCDEL OXLEY MET IN ZHONGNANHAI NOVEMBER 13 FOR OVER AN HOUR WITH CHINESE PREMIER LI PENG. EVIDENTLY IN AN EXPANSIVE MOOD, LI DISPENSED WITH OPENING REMARKS IN FAVOR OF RESPONDING TO SPECIFIC QUESTIONS FROM HIS VISITORS. HE DISCUSSED U.S.-CHINA TRADE, THE GULF CRISIS, THE FATE OF DETAINED DEMOCRACY ACTIVISTS, THE KOREAN PENINSULA AND THE FUTURE OF HONG KONG. THE CONGRESSMEN MADE CLEAR THE IMPORTANCE OF FURTHER PROGRESS IN HUMAN RIGHTS IF CONGRESS IS TO SUPPORT EXTENSION OF MFN TO CHINA. LI'S RESPONSES GENERALLY PROVIDED NO NEW GROUND, BUT SHOWED A REASONABLY INFORMED GRASP OF AMERICAN SENSITIVITIES.

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 CLASS: CONFIDENTIAL
 ORIGIN: DIOG:11/13/89
 APPROV: CHA:R/PASCOE
 DRAFT: POL:SMYCUNG
 SIGN: POL:DEKEYSER
 DIS12: POL-C AMB DCM
 TAG SAT HF-2
 FOC FCN CHENGDU/11

EXCISE

DEPARTMENT OF STATE		IS/IFPC/CODEL	Date: 11/30/96
<input type="checkbox"/> RELEASE	<input type="checkbox"/> DECLASSIFY	EO Citations	
<input checked="" type="checkbox"/> EXCISE	<input type="checkbox"/> DECLASSIFY		
<input type="checkbox"/> DENY	<input type="checkbox"/> IN PART		
FOM Exemptions	27	TS Authority to	
PA Exemptions		TS	
		downgrade TS to	() S or () C

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4. COEFL OXLEY MET NOVEMBER 13 FOR SEVENTY MINUTES WITH CHINESE PREMIER LI PENG. ALSO PARTICIPATING ON THE CHINESE SIDE WERE CHAI ZIMIN, VICE PRESIDENT OF THE CHINESE PEOPLE'S INSTITUTE OF FOREIGN AFFAIRS (CPIFA), THE PREMIER'S PERSONAL SECRETARY LI ZENMIN, YANG JIUCHI, DEPUTY DIRECTOR OF THE MFA'S NORTH AMERICAN AND COLONIAL DEPARTMENT, AND OTHER CPIFA OFFICIALS. THE AMERICAN DELEGATION INCLUDED CONGRESSMEN OXLEY (R-CHIO), TARBIN (D-GEORGIA), SHAW (R-FLORIDA), RODDEES (R-ARIZONA) AND LIGHTFOOT (R-IOWA), CHARGE, THE CONGRESSMEN'S WIVES, STAFF MEMBERS AND IMHOFF (NOTETAKER).

5. U.S.-CHINA TRADE AND MEX

6. THE MEETING WAS PRECEDED BY A BRIEF PHOTO-OP INVOLVING THE ENTIRE AMERICAN DELEGATION. AFTER BRIEF WELCOMING REMARKS, LI SOLICITED QUESTIONS FROM HIS GUESTS. CONGRESSMAN OXLEY BEGAN BY ASKING THE PREMIER'S VIEW ON U.S.-CHINA TRADE DEVELOPMENT IN THE NEXT FEW YEARS.

7. LI STATED HIS OPINION THAT U.S.-CHINA TRADE HAD A BRIGHT FUTURE. HE HAD ADDRESSED THE 5TH PACIFIC SESSION OF THE UN TELECOMMUNICATION UNION THE DAY BEFORE AND WANTED TO underscore THE PROSPECTS FOR TECHNICAL INNOVATION IN THIS AREA. HE UNDERSTOOD THE QUESTION OF A TRADE DEFICIT WITH CHINA HAD BECOME A RECENT CAUSE OF CONCERN TO THE AMERICAN PUBLIC. LI THOUGHT THIS WOULD NOT BE A DIFFICULT PROBLEM TO SOLVE. CHINESE MODERNIZATION WOULD REQUIRE A GREAT DEAL OF HI-TECH EQUIPMENT. CHINA NEEDED ALL SORTS OF AMERICAN PRODUCTS.

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REVIEW AND COMMENT

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11. GULF CRISIS

11. CONGRESSMAN BURLEN THEN ASKED HOW MR QIANG'S TALKS
WITH SADDAM HUSSAIN IN BAGHDAD HAD GONE AND WHAT CHANCE
THE CHINESE SAW OF A PEACEFUL SOLUTION TO THE GULF
CRISIS.

12. LI TERMED THIS A QUESTION OF UNIVERSAL CONCERN,
AFFECTING NOT JUST THE REGION BUT ALSO EUROPE AND THE
WHOLE WORLD.

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HE THEN ASKED BURDEN HOW HE SAW THE IRAQI
QUESTION BEING RESOLVED.

14. CONGRESSMAN BURDEN EXPRESSED HIS HOPE THAT THE
SITUATION COULD BE RESOLVED WITHOUT RESORTING TO THE

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- USE OF FORCE. THE CONGRESS WOULD HAVE SOME INPUT ON THIS QUESTION. ACCORDING TO THE U.S. CONSTITUTION, ONLY CONGRESS, NOT THE PRESIDENT, COULD DECLARE WAR, THOUGH THAT COURSE HAD NOT BEEN TAKEN IN RECENT YEARS. AT THIS POINT LI INTERRUPTED TO CHECK HIS UNDERSTANDING THAT PRESIDENT BUSH FELT HE ALREADY POSSESSED THE EMERGENCY POWERS TO DECLARE "PREEMPTIVE WAR" WITHOUT CONSULTING CONGRESS.

15. MULLEN SAID LI'S UNDERSTANDING WAS CORRECT IF U.S. FORCES WERE ATTACKED. BUT HE ADDED HIS PERSONAL VIEW THAT BEFORE THE FIGHTING STARTED, THE PRESIDENT SHOULD ENLIST THE AID AND SUPPORT OF THE U.S. PEOPLE AND THEIR ELECTED REPRESENTATIVES IN CONGRESS. LI VIVIDLY NOTED THE SLIGHT VERSIMILARITY BETWEEN HIS CHARACTERIZATION AND BUSHMAN'S LAST REMARKS.

16. CONGRESSMAN SHAW WANTED TO PUT THIS QUESTION IN A HISTORICAL PERSPECTIVE. WHEN THE CONSTITUTION WAS ENACTED TWO HUNDRED YEARS AGO, THINGS TOO, MOST SURELY, PARTICULARLY WHEN GREAT DISTANCES WERE INVOLVED. BUT NOW, IF THE PRESIDENT WANTED TO PRESERVE THE ELEMENT OF SURPRISE, THERE WOULD BE NO TIME TO CONSULT WITH CONGRESS. HE PERSONALLY HOPED THIS DISCUSSION WAS JUST AN ACADEMIC DEBATE, AND THAT EVENTS WOULD NOT MOVE IN THAT DIRECTION IN THE GULF.

DEMOCRACY LIAIMES AND MEN

17. CONGRESSMAN SHAW THEN POSED HIS OWN QUESTION. HE SAT ON THE WAYS AND MEANS COMMITTEE, WHICH HAD JURISDICTION OVER TRADE. CHINA HAD BEEN A "HOT TOPIC" IN THE CONGRESS THIS PAST YEAR BECAUSE OF THE JUNE 4 EVENTS, AND WAS SURE TO BE ON THE AGENDA WHEN CONGRESS RESUMED ITS WORK IN JANUARY. HE WAS PERSONALLY IMPRESSED BY CHINA'S ECONOMIC PROGRESS SINCE HIS LAST VISIT IN 1982. PERHAPS PREMIER LI WAS AWARE OF THE PEOPLE'S CONGRESSIONAL "FREE TRAILERS" LIKE HIMSELF FACED. IT WOULD BE MUCH EASIER TO SUPPORT CONTINUED EXTENSION OF MEN STATUS TO CHINA IF BEIJING DISPOSED OF THE CASES OF DEMOCRACY ACTIVISTS STILL IN DETENTION, RELEASING THEM IF POSSIBLE. GEORGE BUSH WAS A TREMENDOUS FRIEND OF CHINA; THERE WERE OTHER FRIENDS IN CONGRESS. BUT SHAW FELT IT ONLY FAIR TO INFORM LI OF THE PROBLEMS HE AND HIS COLLEAGUES IN THE CONGRESS FACED. HE ASKED THAT THE CHINESE SIDE ASSIST THEIR FRIENDS IN THE U.S. CONGRESS ON THIS ISSUE.

18. [REDACTED]

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THE KOREAN PENINSULA

21. CONGRESSMAN EHOLES BEGAN HIS QUESTION BY NOTING THAT CHINESE HAD RECENTLY ESTABLISHED TRADE OFFICES IN SOUTH KOREA. HE ASKED THE FUTURE OF THE NORTH KOREAN PENINSULA: WOULD DIPLOMATIC RELATIONS BETWEEN CHINA AND SOUTH KOREA FOLLOW? AMERICANS WERE AWARE OF CHINA'S CLOSE TIES TO NORTH KOREA. WHAT WAS LI'S PROGNOSIS?
22. LI BEGAN BY NOTING CHINA SHARED SOME VIEWS WITH THE U.S. ON THIS QUESTION. THE PRC FAVORED A STABLE KOREAN PENINSULA, SUPPORTED STRENGTHENED NORTH-SOUTH RELATIONS AND EVENTUALLY HOPEFUL TO SEE THE KOREANS REALIZE PEACEFUL REUNIFICATION. BEIJING ENJOYED CLOSE TIES TO PYONGYANG AND HOPE THE NORTH COULD FREE ITSELF SOON FROM ITS ISOLATION FROM THE INTERNATIONAL COMMUNITY. THUS THE CHINESE WERE PLEASED BY RECENT CONTACTS BETWEEN THE JAPANESE AND NORTH KOREANS.

23. [REDACTED]

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U.S.-CHINA TRADE REVISITED

25. CONGRESSMAN LIGHTFOOT TURNED THE CONVERSATION BACK TOWARD U.S.-CHINA TRADE. HE ASKED IF CHINA WAS WILLING TO HELP IN SOLVING THE PUBLIC RELATIONS PROBLEM ASSOCIATED WITH PROMOTING MFN IN THE CURRENT CLIMATE.
26. LI BEGAN BY NOTING THE NEED TO REMOVE ONE MISPERCEPTION CONCERNING THE U.S.-CHINA TRADE DEFICIT. HE UNDERSTOOD THAT ACCORDING TO U.S. STATISTICS CHINESE PRODUCTS GOING THROUGH HONG KONG WERE CALCULATED AS

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CHINESE PRODUCTS. HONG KONG EXPORTS TO THE U.S. OF CHINESE ORIGIN WERE WORTH ROUGHLY USD TEN BILLION... WHEREAS DIRECT EXPORTS FROM CHINA CONSTITUTE APPROXIMATELY USD FIVE BILLION. SO IF MFN STATUS WERE REVOKED, THE PRICES OF THESE GOODS WOULD INCREASE. IT WOULD BE DIFFICULT THEN TO MARKET SUCH GOODS IN THE U.S. VARY THIS TO HAPPEN, THE GREATEST HARM WOULD BE FELT IN HONG KONG. THAT WAS WHY HONG KONG GOVERNOR WILSON WENT TO THE U.S. LAST YEAR TO LOBBY FOR EXTENSION OF MFN.

27. FURTHERMORE, ALTHOUGH THE TOTAL VOLUME OF

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) Q. CONGRESSMAN OXLEY ASKED THAT THE CODEL WOULD
1) LEAVE CHINA IN A FEW DAYS FOR HONG KONG. WHAT, IF ANY
TELEGRAMS WILL THE CHINESE SEE IN APPROVING THE 1997
TRANSFER OF HONG KONG BACK TO CHINA? HE WAS AWARE OF
SEPARATION IN THE COLONY WHICH RESULTED IN SOME
MIGRATION AND CAPITAL FLIGHT. HE ASKED LI IF THESE
SEPARATES WERE CHINESE?

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CHINESE COMMUNIST PARTY

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35. THE MEETING CONCLUDED WITH PLEASANTRIES AND THE PRESENTATION OF GIFTS TO THE PREMIER FROM THE CODSL.

COMMENT

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41. THE CODEL DID NOT CLEAR THIS AREA.

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